

Message Text

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44

ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 AID-20 CIAE-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 DRC-01 L-03 /109 W

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P 121325Z AUG 74

FM AMCONSUL ISTANBUL

TO AMEMBASSY ANKARA PRIORITY

INFO USDOC WASHDC

SECSTATE WASHDC 5416

AMCONSUL IZMIR

AMCONSUL ADANA

AMEMBASSY PARIS

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PARIS PASS OECD: DEPT PASS OPIC

E.O. 11652: N/A

TAGS: EFIN, TU, EAID, EINV

SUBJ: COOLEY LOAN PROBLEMS FOR US INVESTORS

SUMMARY: A NUMBER OF US FIRMS HERE THAT HAD UTILIZED COOLEY LOAN FUNDS HAVE RECEIVED LETTER FROM FINANCE MINISTRY DURING LAST SEVERAL DAYS REQUESTING BLOCKAGE OF COOLEY LOAN PROFITS ON THE PORTION NOT COVERED BY ACTUAL EXPORTS. FIRMS WHICH SO FAR HAVE RECEIVED THIS LETTER INDICATE THIS ACTION CONTRARY TO SPIRIT AND LETTER OF AGREEMENT WITH GOT WHICH PROVIDED UNBLOCKING OF COOLEY LOAN PROFITS THROUGH EXPORTS OVER THREE-YEAR PERIOD (I.E. JAN. 1, 1972 TO DEC. 31, 1974). IN VIEW THIS AGREEMENT FIRMS PUZZLED OVER MINFIN ACTION AND HAVE REQUESTED USG ASSISTANCE IN CLARIFYING AND, IF NECESSARY, HELPING TO RESOLVE THIS SITUATION.
END SUMMARY

1. AT LEAST SIX US FIRMS (CHRYSLER, G.E., GOODYEAR, UNIROYAL,
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SINGER AND PFIZER) HAVE WITHIN LAST SEVERAL DAYS RECEIVED LETTER

(SEE PARA. 2) FROM FINANCE MINISTRY ORDERING THEM TO BLOCK COOLEY LOANS PROFITS. AS EMB. IS AWARE, IN JAN. 1972 US FIRMS AND FINANCE MINISTRY ENTERED INTO INDIVIDUAL AGREEMENTS THAT ENABLED FIRMS TO CONTINUE USE OF COOLEY LOANS PROFITS THROUGH EXPORTS TO BE MADE OVER THREE-YEAR PERIOD, BEGINNING JAN. 1, 1972. SINCE THERE ARE ALMOST FIVE MONTHS REMAINING PRIOR TO EXPIRATION OF DEADLINE GOT INDICATED AT TIME AGREEMENTS MADE IN WILLINGNESS TO ENTERTAIN REQUESTS FOR INDIVIDUAL EXTENSIONS, FIRMS ARE PUZZLED OVER AUGUST 6 LETTER ORDERING THEM WITHIN 30 DAYS TO DEPOSIT FUNDS WHICH SO FAR HAVE NOT BEEN COVERED BY ACTUAL EXPORTS. THEY FEEL THIS CONTRARY BOTH TO SPIRIT AND LETTER OF THEIR AGREEMENTS. THREE FIRMS (CHRYSLER, G.E. AND GOODYEAR) INDICATE THEY PLAN TO FULFILL THEIR OBLIGATION WITHIN THE DEADLINE, I.E. DEC. 31, 1974. THREE COMPANIES (SINGER, PFIZER AND UNIROYAL) BELIEVE THEY HAVE ALREADY MET THEIR OBLIGATION. SEVERAL FIRMS ASKED IF WE KNEW REASON BEHIND LETTER. ALL FIRMS DEEPLY CONCERNED OVER IMPLICATIONS OF LETTER EVEN THOUGH SEVERAL SEEM NOT TO BE DIRECTLY AFFECTED. THEY VIEW THIS AS PART OF CONTINUING SQUEEZE ON FOREIGN FIRMS' ACTIVITIES. THEY HAVE REQUESTED USG ASSISTANCE IN CLARIFYING AND, IF NECESSARY, HELPING TO RESOLVE THIS SITUATION.

2. ENGLISH TRANSLATION OF FINANCE MINISTRY LETTER DATED AUGUST 6 AS FOLLOWS:

QUOTE: IN CONNECTION WITH PREVIOUS DECISION OF OUR MINISTRY OF THE EXEMPTION OF BLOCKAGE OBLIGATION DUE FROM THE PROFITS GENERATED FROM THE COOLEY LOAN CREDIT, THE PORTION OTHER THAN THE ACTUAL EXPORTS MADE, UP TO THE DATE OF THIS LETTER, SHOULD BE BLOCKED AT THE TURKISH REPUBLIC CENTRAL BANK WITHIN THE THIRTY DAYS OF THIS LETTER AND THE RESULTS SHOULD BE INFORMED TO OUR MINISTRY. PLEASE ACT ACCORDINGLY AND IF NOT, ACTION WILL BE TAKEN IN ACCORDANCE WITH THE LAW FOR THE PROTECTION OF THE VALUE OF THE TURKISH CURRENCY. PLEASE BE INFORMED. UNQUOTE. LETTER SIGNED BY AHMET TUFAN GUL, SECRETARY GENERAL.

3. ACTION REQUESTED, IN VIEW OF INTENSIVE USG EFFORTS IN SUPPORT AMERICAN FIRMS FROM 1969 THROUGH 1971 TO HELP RESOLVE COOLEY LOAN PROBLEMS, WE THINK IT WOULD BE HELPFUL FOR EMB. TO MAKE LOW-KEY APPROACH TO APPROPRIATE FINANCE MINISTRY OFFICIALS LIMITED OFFICIAL USE

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NOTING THAT WE HAD BEEN ADVISED BY A NUMBER OF US COMPANIES OF MINISTRY'S AUG. 6 LETTER AND SOLICITING RATIONALE BEHIND ITS ACTION.
MACE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, AGREEMENTS, COOLEY LOANS, BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CollinP0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ISTANB02206
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740220-0435
From: ISTANBUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740856/aaaabvtj.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 24 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 APR 2002 by martinml>; APPROVED <26 FEB 2003 by CollinP0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COOLEY LOAN PROBLEMS FOR US INVESTORS SUMMARY: A NUMBER OF US FIRMS HERE THAT HAD UTILIZED
TAGS: EFIN, EAID, EINV, TU
To: ANKARA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005